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TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 693)

**REVISION OF ANNUAL CAPS
AND
CONTINUING CONNECTED TRANSACTION**

Reference is made to:

- a. the announcement of the Company dated 23 December 2010 in relation to the Existing Transactions;
- b. the announcement of the Company dated 24 February 2012 in relation to the APM Technical Transactions;
- c. the announcement of the Company dated 6 March 2012 in relation to the Assembly Transactions;
- d. the announcement of the Company dated 30 May 2012 in relation to the Parts Purchases;
- e. the announcement of the Company dated 26 November 2012 in relation to the APMMD Purchases;
- f. the announcement of the Company dated 15 January 2013 in relation to the revision of the annual cap for the APMMD Purchases for the year ending 31 December 2013; and
- g. the announcement of the Company dated 15 May 2013 in relation to the extension of the term of the New Parts Purchase Agreement.

The Directors expect that the transaction amount for the APM Technical Transactions and the APMMD Purchases would be greater than originally estimated for the year ending 31 December 2013. Accordingly, the Board has decided to revise upwards the annual caps for the APM Technical Transactions and the APMMD Purchases respectively for the year ending 31 December 2013.

The Directors expect that the transaction amount for the Assembly Transactions and the Parts Purchases would be less than originally estimated for the year ending 31 December 2013. Accordingly, the Board has decided to revise downwards the annual caps for the Assembly Transactions and the Parts Purchases respectively for the year ending 31 December 2013.

On 4 October 2013, NJTC entered into the APMS Purchase Agreement with APMS, pursuant to which APMS has agreed to sell to NJTC the Seat Parts from time to time during the term of the APMS Purchase Agreement under the terms and conditions provided therein.

APMS is a wholly-owned subsidiary of APM, and TCC is interested in more than 30% equity interest in APM. As TCC is the controlling shareholder (as defined in the Listing Rules) of the Company, APMS is a connected person of the Company and the Seat Parts Purchases constitute a continuing connected transaction of the Company under the Listing Rules.

Since the Seat Parts Purchases, the APMMD Purchases, the Parts Purchases, the Assembly Transactions, the APM Technical Transactions and the Existing Transactions were all entered into by the Group with parties connected or otherwise associated with one another, the Seat Parts Purchases, the APMMD Purchases, the Parts Purchases, the Assembly Transactions, the APM Technical Transactions and the Existing Transactions are aggregated pursuant to Rule 14A.25 of the Listing Rules.

As each of the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to each of:

- (i) the Seat Parts Purchases, when aggregated with those of the Transactions (apart from the Seat Parts Purchases) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013;
- (ii) the APMMD Purchases (with the Revised APM Modules Annual Cap), when aggregated with those of the Transactions (apart from the APMMD Purchases) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013;
- (iii) the Parts Purchases (with the Revised APM Subsidiaries Annual Cap), when aggregated with those of the Transactions (apart from the Parts Purchases) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013;
- (iv) the Assembly Transactions (with the Revised TCMA Annual Cap) when aggregated with those of the Transactions (apart from the Assembly Transactions) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013; and
- (v) the APM Technical Transactions (with the Revised APMER Annual Cap), when aggregated with those of the Transactions (apart from the APM Technical Transactions) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013,

is less than 5%, each of the Seat Parts Purchases, the APMMD Purchases, the Parts Purchases, the Assembly Transactions and the APM Technical Transactions constitute continuing connected transactions of the Company subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INCREASE OF EXISTING APMER ANNUAL CAP

Reference is made to the announcement of the Company dated 24 February 2012 in relation to the APM Technical Transactions.

As the Group requires additional technical consultancy services from APMER, the Board has decided to revise upwards the annual cap for the APM Technical Transactions for the year ending 31 December 2013 from HK\$3,100,000 to HK\$4,000,000. The Revised APMER Annual Cap has been determined based on the revised estimation of the Group's requirement for the technical consultancy services from APMER.

Save for the revision of the Existing APMER Annual Cap, all the terms and conditions of the APM Technical Transactions shall remain unchanged.

The Directors consider that the APM Technical Transactions (with the Revised APMER Annual Cap) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INCREASE OF EXISTING APM MODULES ANNUAL CAP

Reference is made to the announcements of the Company dated respectively (i) 26 November 2012 in relation to, inter alia, the APMMD Purchases pursuant to the New Parts Purchase Agreement; (ii) 15 January 2013 in relation to the revision upwards of the annual cap for the APMMD Purchases for the year ending 31 December 2013; and (iii) 15 May 2013 in relation to the extension of the expiration date of the New Parts Purchase Agreement.

As the customers' response to the vehicles assembled under the Assembly Transactions is better than originally anticipated, the Group will need to purchase more Parts under the New Parts Purchase Agreement to satisfy the extra demand for vehicles assembled under the Assembly Transactions. Accordingly, the Board has decided to revise upwards the annual cap for the APMMD Purchases for the year ending 31 December 2013 from HK\$57,106,000 to HK\$97,800,000. The Revised APM Modules Annual Cap has been determined based on the revised estimation of the demand of the Group for the Parts under the New Parts Purchase Agreement necessary for the Assembly Transactions.

Save for the revision of the Existing APM Modules Annual Cap, all the terms and conditions of the APMMD Purchases shall remain unchanged.

The Directors consider that the APMMD Purchases (with the Revised APM Modules Annual Cap) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DECREASE OF THE EXISTING TCMA ANNUAL CAP

Reference is made to the announcement of the Company dated 6 March 2012 in relation to the Assembly Transactions.

As there has been a reduction in price of the assembly services to be provided by TCMA to TC Subaru pursuant to the Assembly Agreement, the estimated transaction amount for the Assembly Transactions under the Assembly Agreement for the year ending 31 December 2013 is expected to be less than originally estimated. Accordingly, the Board has decided to revise downwards the annual cap for the Assembly Transactions for the year ending 31 December 2013 from HK\$75,300,000 to HK\$71,000,000. The Revised TCMA Annual Cap has been determined based on the Group's revised estimation of the price of the assembly services to be provided by TCMA to TC Subaru pursuant to the Assembly Agreement.

Save for the revision of the Existing TCMA Annual Cap, all the terms and conditions of the Assembly Transactions shall remain unchanged.

The Directors consider that the Assembly Transactions (with the Revised TCMA Annual Cap) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DECREASE OF THE EXISTING APM SUBSIDIARIES ANNUAL CAP

Reference is made to the announcement of the Company dated 30 May 2012 in relation to the Parts Purchase Agreements.

As there has been a reduction in price of the Parts to be purchased by TC Subaru from the Suppliers pursuant to the Parts Purchase Agreement, the estimated transaction amount for the Parts Purchases under the Parts Purchase Agreement for the year ending 31 December 2013 is expected to be less than originally estimated.

Accordingly, the Board has decided to revise downwards the annual cap for the Parts Purchases for the year ending 31 December 2013 from HK\$72,500,000 to HK\$64,000,000. The Revised APM Subsidiaries Annual Cap has been determined based on the Group's revised estimation of the price of the Parts to be purchased by TC Subaru from the Suppliers pursuant to the Parts Purchase Agreement.

Save for the revision of the Existing APM Subsidiaries Annual Cap, all the terms and conditions of the Parts Purchases shall remain unchanged.

The Directors consider that the Parts Purchases (with the Revised APM Subsidiaries Annual Cap) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE APMS PURCHASE AGREEMENT

Agreement

To provide the necessary parts and components for the manufacture of automotive seats by NJTC, on 4 October 2013, NJTC entered into the APMS Purchase Agreement with APMS, pursuant to which APMS has agreed to sell to NJTC the Seat Parts from time to time during the term of the APMS Purchase Agreement under the terms and conditions provided therein.

Date

4 October 2013

Parties

- a) NJTC, a wholly-owned subsidiary of the Company; and
- b) APMS, a wholly-owned subsidiary of APM

APMS is a wholly-owned subsidiary of APM, and TCC is interested in more than 30% equity interest in APM. As TCC is the controlling shareholder (as defined in the Listing Rules) of the Company, APMS is a connected person of the Company and the Seat Parts Purchases constitute a continuing connected transaction of the Company under the Listing Rules.

Purchase orders

From time to time during the term of the APMS Purchase Agreement, NJTC may issue purchase orders to APMS to specify the general specifications of the Seat Parts to be purchased.

Price and Payment

The price and terms of the Seat Parts Purchases were agreed between NJTC and APMS based on arm's length negotiation after taking into account the value and volume of estimated orders to be placed by NJTC with APMS and the price of parts similar to the Seat Parts available from independent third parties in the market.

NJTC shall pay to APMS the total invoice amount for the quantity of the Seat Parts stipulated in the relevant purchase order by telegraphic transfer before the delivery of the Seat Parts.

Term

The term of the APMS Purchase Agreement is from 4 October to 31 December 2013.

Annual caps

The Directors estimate that the aggregate annual amount payable by NJTC to APMS pursuant to the APMS Purchase Agreement shall not exceed HK\$9,500,000 for the year ending 31 December 2013. Such annual cap for the Seat Parts Purchases is determined based on the estimated demand of the Group for the Seat Parts necessary for the manufacture of automotive seats by NJTC.

Reasons for the Purchase

NJTC has entered into the APMS Purchase Agreement for the sourcing of Seat Parts from APMS that are necessary for the manufacture of automotive seats by NJTC.

The Directors consider that the transactions contemplated under the APMS Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Since the Seat Parts Purchases, the APMMD Purchases, the Parts Purchases, the Assembly Transactions, the APM Technical Transactions and the Existing Transactions were all entered into by the Group with parties connected or otherwise associated with one another, the Seat Parts Purchases, the APMMD Purchases, the Parts Purchases, the Assembly Transactions, the APM Technical Transactions and the Existing Transactions are aggregated pursuant to Rule 14A.25 of the Listing Rules.

It is estimated that the aggregated annual transaction amount for the Seat Parts Purchases, the APMMD Purchases (with the Revised APM Modules Annual Cap), the Parts Purchases (with the Revised APM Subsidiaries Annual Cap), the Assembly Transactions (with the Revised TCMA Annual Cap), the APM Technical Transactions (with the Revised APMER Annual Cap) and the Existing Transactions should not exceed HK\$280,000,000 for the year ending 31 December 2013.

As each of the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to each of:

- (i) the Seat Parts Purchases, when aggregated with those of the Transactions (apart from the Seat Parts Purchases) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013;
- (ii) the APMMD Purchases (with the Revised APM Modules Annual Cap), when aggregated with those of the Transactions (apart from the APMMD Purchases) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013;

(iii) the Parts Purchases (with the Revised APM Subsidiaries Annual Cap), when aggregated with those of the Transactions (apart from the Parts Purchases) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013;

(iv) the Assembly Transactions (with the Revised TCMA Annual Cap) when aggregated with those of the Transactions (apart from the Assembly Transactions) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013; and

(v) the APM Technical Transactions (with the Revised APMER Annual Cap), when aggregated with those of the Transactions (apart from the APM Technical Transactions) with their respective annual caps (as revised, where applicable) for the year ending 31 December 2013,

is less than 5%, each of the Seat Parts Purchases, the APMMD Purchases, the Parts Purchases, the Assembly Transactions and the APM Technical Transactions constitute continuing connected transactions of the Company subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The principal business of the Group includes (a) distribution of motor vehicles in Singapore, Hong Kong, PRC, Thailand, Taiwan, the Philippines, Malaysia, Indonesia, Vietnam and Cambodia; (b) distribution of industrial equipment in Singapore, PRC, Vietnam and Thailand; (c) property development and rental in Singapore, Macau and Hong Kong; and (d) vehicle seat manufacturing in the PRC.

APMS is a wholly-owned subsidiary of APM and engages in the manufacture and sale of automotive seats and automotive seat parts and components.

Each of Mr. Tan Eng Soon and Mr Tan Kheng Leong holds approximately 22.85% and 15.38% of TCC respectively. Therefore, each of Mr. Tan Eng Soon and Mr.Tan Kheng Leong was considered to have a material interest in the transactions contemplated under the APMS Purchase Agreement and has abstained from voting on the relevant resolution of the Board approving the APMS Purchase Agreement and the Seat Parts Purchases.

DEFINITIONS

"APM" APM Automotive Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia

"APM Modules" APM Automotive Modules Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of APM

"APMER"	APM Engineering & Research Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of APM
"APMMD Purchase(s)"	the purchase(s) of the Parts by TC Subaru from APM Modules pursuant to the New Parts Purchase Agreement
"APMS"	APM Seatings Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of APM
"APMS Purchase Agreement"	the seat parts purchase agreement entered into by NJTC with APMS on 4 October 2013 in relation to the Seat Parts Purchases
"APM Technical Transactions"	the transactions in relation to the provision of technical consultancy services by APMER to NJTC for the setting up of plant facilities and product development in Nanjing, PRC, for the manufacture of automotive seating systems as disclosed in the announcement of the Company dated 24 February 2012
"Assembly Agreement"	the assembly agreement dated 6 March 2012 between TC Subaru and TCMA for the provision by TCMA to TC Subaru of assembly services for the assembly of vehicles
"Assembly Transactions"	the assembly transactions in relation to the appointment by TC Subaru of TCMA as an assembler to assemble the vehicles pursuant to the Assembly Agreement and the other relevant arrangements, as disclosed in the announcement of the Company dated 6 March 2012
"Company"	Tan Chong International Limited, a company incorporated in Bermuda with limited liability
"Directors"	the directors of the Company
"Existing APM Modules Annual Cap"	HK\$57,106,000, being the previous annual cap for the APMMD Purchases for the year ending 31 December 2013, as disclosed in the announcement of the Company dated 15 January 2013
"Existing APM Subsidiaries Annual Cap"	HK\$72,500,000, being the previous annual cap for the Parts Purchases for the year ending 31 December 2013, as

disclosed in the announcement of the Company dated 30 May 2012

"Existing APMER Annual Cap"	HK\$3,100,000, being the previous annual cap for the APM Technical Transactions for the year ending 31 December 2013, as disclosed in the announcement of the Company dated 24 February 2012
"Existing TCMA Annual Cap"	HK\$75,300,000, being the previous annual cap for the Assembly Transactions for the year ending 31 December 2013, as disclosed in the announcement of the Company dated 6 March 2012
"Existing Transactions"	collectively, the transactions between the Group and TCMH Group, TCIM, FAP and NSP in relation to the sale and purchase of parts and accessories for motor vehicles, the provision of vehicle related services and information technology services, as disclosed in the announcement of the Company dated 23 December 2010
"FAP"	Focusone Asia Pacific Pte Ltd, a company incorporated in Singapore with limited liability
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Macao"	the Macao Special Administrative Region of the PRC
"New Parts Purchase Agreement"	the parts purchase agreement entered into by TC Subaru with APM Modules on 26 November 2012 in relation to the APMMD Purchases
"NJTC"	Nanjing Tan Chong Automotive Co., Ltd. (南京陳唱交通器材有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"NSP"	Netrunner Systems Private Limited, a company incorporated in Singapore with limited liability
"Parts"	certain parts including components and various kinds of

	materials for Subaru motor vehicles designed, manufactured and/or assembled by Fuji or licensees of Fuji
"Parts Purchase(s)"	the purchase(s) of the Parts by TC Subaru from the Suppliers pursuant to the Parts Purchase Agreements
"Parts Purchase Agreement(s)"	the four parts purchase agreements entered into by TC Subaru with the Suppliers on 30 May 2012, as disclosed in the announcement of the Company dated 30 May 2012
"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macao and Taiwan
"Revised APM Modules Annual Cap"	HK\$97,800,000, being the revised annual cap for the APMMD Purchases for the year ending 31 December 2013
"Revised APM Subsidiaries Annual Cap"	HK\$64,000,000, being the revised annual cap for the Parts Purchases for the year ending 31 December 2013
"Revised APMER Annual Cap"	HK\$4,000,000, being the revised annual cap for the APM Technical Transactions for the year ending 31 December 2013
"Revised TCMA Annual Cap"	HK\$71,000,000, being the revised annual cap for the Assembly Transactions for the year ending 31 December 2013
"Seat Parts"	certain parts including components and various kinds of materials for automotive seats manufactured and/or assembled by APMS
"Seat Parts Purchase(s)"	the purchase(s) of the Seat Parts by NJTC from APMS pursuant to the APMS Purchase Agreement
"Suppliers"	four subsidiaries of APM, including Auto Parts Manufacturers Co. Sdn. Bhd., APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd. and APM Coil Springs Sdn. Bhd.
"TCC"	Tan Chong Consolidated Sdn. Bhd., a company incorporated in Malaysia with limited liability
"TCIM"	TCIM Sdn. Bhd., a company incorporated in Malaysia with

limited liability

"TCMA"	Tan Chong Motor Assemblies Sdn. Bhd., a company incorporated in Malaysia and a subsidiary of TCMH
"TCMH"	Tan Chong Motor Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
"TCMH Group"	TCMH and its subsidiaries
"TC Subaru"	TC Subaru Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of the Company
"Transactions"	the Seat Parts Purchases, the APMMD Purchases, the Parts Purchases, the Assembly Transactions, the APM Technical Transactions and the Existing Transactions

By the order of the Board
Tan Chong International Limited
Joseph Ong Yong Loke
Deputy Chairman and Managing Director

Hong Kong, 4 October 2013

Website: <http://www.tanchong.com>

As at the date of this announcement, the executive Directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. The independent non-executive Directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo, Mr. Tan Ngiap Joo and Mr. Ng Kim Tuck.